

Message Text

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PAGE 01 LAGOS 06105 171230Z
ACTION AF-10

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FM AMEMBASSY LAGOS
TO SECSTATE WASHDC PRIORITY 8468

C O N F I D E N T I A L LAGOS 6105

STADIS////////////////////////////////

FOR AF/W

E.O. 11652: GDS
TAGS: BPRO, EINV, PDEV, NI, UR
SUBJECT: BECHTEL INTEREST IN REPLACING SOVIETS AT AJAOKUTA STEEL
PROJECT

REF: STATE 120782

1. BECHTEL'S PRESTON EDDY, CURRENTLY IN LAGOS PURSUING
COMPANY BUSINESS, HAS ALSO INTRODUCED IDEA OF REPLACING SOVIETS
TO US. HE HAS EMPHASIZED THAT BECHTEL WITH ITS JAPANESE
PARTNERS CAN DO THE JOB MORE QUICKLY AND MORE CHEAPLY. HE
MAY CAUTIOUSLY RAISE CONCEPT OF "ADVANTAGES OF SOMEONE ELSE
DOING AJAOKUTA JOB" AT SCHEDULED MEETING WITH MININDUSTRIES
PERMSEC ALHAJI LATER THIS WEEK.

2. WE SEE VERY LITTLE POSSIBILITY OF THE NIGERIANS
SHIFTING FROM THE SOVIETS. THE PROJECT IS LARGELY SEEN
BY THE FMG IN POLITICAL TERMS, THE STEEL COMPLEX BEING
LIVING PROOF OF NIGERIAN NONALIGNMENT. NIGERIAN-SOVIET
COOPERATION ON THE COMPLEX HAS CONTINUED SINCE THE CIVIL WAR.
AND HAS BEEN THOROUGHLY PUBLICIZED. ITS TERMINATION WOULD
THEREFORE BE SEEN AS A STINGING BLOW TO THE SOVIETS AND
THEY WOULD STRONGLY RESENT IT. THE FMG WOULD BE WORRIED
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ABOUT SOVIET REACTIONS AND EVEN MORE ABOUT DOMESTIC
CRITICISM THAT IT HAD COMPLETELY ABANDONED NON-ALIGNMENT
IN FAVOR OF A PRO-AMERICAN POLICY.

3. TOO, ALL SIDES SHOULD BE AWARE THAT THE SLOW PROGRESS AT
AJAOKUTA IS DUE TO NIGERIAN FUMBLING AND STUMBLING AS WELL
AS TO SOVIET INCOMPETENCE. IN ATTRIBUTING BLAME FOR SLOW

PROGRESS, THE FMG WOULD FIND IT DIFFICULT TO EXEMPT ITSELF.

4. IRONICALLY, THE CONTINUING INVOLVEMENT OF THE SOVIETS IN THE STEEL PROJECT IS OF BENEFIT TO FREE WORLD COUNTRIES IN THE EXPORT OF GOODS AND SERVICES. NIGERIAN PURCHASES FROM THE USSR ARE MINISCULE. THE ABILITY OF THE NIGERIANS TO POINT TO AJAOKUTA ENABLES THEM TO CONTINUE IGNORING THE SOVIETS IN OTHER ECONOMIC/COMMERCIAL SECTORS.

5. WE BELIEVE THAT A TACTFUL BECHTEL APPROACH TO THE SUBJECT, INITIATED BY EDDY'S PROPOSED CHAT WITH ALHAJI, WOULD NOT HURT THE COMPANY'S CHANCES OF SUCCESS IN WINNING OTHER MAJOR PROJECTS.

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